

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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House File 893 - Tax Amnesty Program (LSB 1311 HV)  
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Fiscal Note Version - New

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**Description**

House File 893 creates a tax amnesty program to be administered by the Department of Revenue. The amnesty period is September 4, 2007, through October 31, 2007. The Program covers tax liabilities delinquent as of December 31, 2006. Taxpayers utilizing the amnesty period will pay one-half of regular interest due and will not be subject to civil penalties or criminal prosecution.

Taxes covered by the amnesty include individual and corporate income tax, franchise (bank) tax, sales/use tax, inheritance/estate tax, drug stamp tax, cigarette tax, tobacco tax, hotel/motel tax, local option sales taxes, automobile rental tax, equipment tax, petroleum diminution fees, and motor fuel tax.

The Bill appropriates a total of \$860,000 to the Department of Revenue from the State General Fund to administer the amnesty program and to provide for increased auditing and enforcement.

**Background**

Iowa's last tax amnesty occurred September 2, through October 31, 1986. The Department of Revenue and Finance report released in January 1987 concluded that collections under the Program totaled \$35.0 million, with \$9.0 million of that amount identified as revenue that would not have otherwise been collected. Almost all revenue collected was from taxes deposited to the General Fund.

The 1986 tax amnesty applied mostly to General Fund taxes, and more than 99.0% of the revenue generated was deposited to the State General Fund. Since this amnesty applies to a wider range of taxes, more revenue could be generated for non-General Fund accounts.

**Fiscal Impact**

The Department of Revenue estimates that a total of \$53.9 million will be collected from General Fund revenue sources through the proposed tax amnesty period, and that \$16.0 million will be revenue that would not otherwise be collected. All revenue will be deposited to FY 2008.

**Source**

Department of Revenue

/s/ Holly M. Lyons

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April 9, 2007

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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